LED 7888 #27

Audit's MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

July 8, 1988 (Priced July 7) VOL. XIX, NO. 13

Equity REIT Review Issue

MANY MARKETS REMAIN OVERBUILT BUT WE FIND EVIDENCE THAT MOST ARE BOTTOMING

Proving the above headline with macro economic statistics can't be done, but as we combed thru this month's diet of equity REITs, we found many small signs that property markets are bottoming. It's like seeing the first robin: it doesn't mean that spring has arrived but it's not far away. Some robins:

HRE Properties office occupancy is down but leases in hand will boost occupancy by early 1989.

BRE Properties operating cash flow will cover payout in the July qtr. for the first time in three years, thanks to office, retail and apartment leasing.

MGI Properties gross cash flow also covered payout in the May qtr., first time in years too. The pending Turner Equity acquisition should help.

Trammell Crow Real Estate reports the lower dollar is boosting business in Houston's port area, where many of its industrial properties are located.

Property Trust of America, based in El Paso, is now neatly covering its reduced payout; we see a slow turn.

MSA Realty says its financing has added $2.50 to diluted share value, altho accounting complexities cloud the story for quick annual report readers.

Of the 14 equity REITs reviewed this issue, **Property Trust of America** and **MSA Realty** strike us as having the deepest discounts to underlying property values. They yield about 9% and 11% respectively, which compensates for the risk in Oil Patch recovery and full financing of new shopping centers, respectively. **Sizeler Properties** is an overlooked pure shopping center play on Oil Patch turnaround in Louisiana.

We still like shopping centers and two recognized names, **New Plan Realty** and **Pennsylvania REIT** remain long-term buys/holds. MSA is the new name in this property group, and old-line **Bradley Real Estate Trust** continues to build and upgrade its centers, altho smaller capitalization limits broad interest.

We've restyled format this issue to make your reading easier. Changes should be apparent once you turn this page:

Each review focuses upon a single key issue for each stock -- the question our "tummy test" tells us should be foremost in your decision making. You may disagree with our opinion on this focus issue but it's discussed for you.

We've highlighted sentences telling main points. Try skimming only the bold face and see if each review makes sense.

Statistical material is summarized and placed at end of each review.

KENNETH D. CAMPBELL, PRESIDENT/**FAYE KREISMAN**, STATISTICS **MICHAEL HOUSTON**, ANALYST/**AUDIT** INVESTMENTS, INC.,
136 SUMMIT AVENUE, MONTVALE, NJ 07645-1720 Phone (201) 358-2735

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS: SUBSCRIPTION $264 ANNUALLY/GROUP RATES ON REQUEST

BRLY7888 #36 BRE1888 #36

BRADLEY REAL ESTATE TRUST

$11.75 (BRLYS-OTC) Div. $0.68 Yld.5.8%

3.36 mil. sh. **RANK A**

This old-line REIT is expanding and revitalizing its shopping centers while exploiting development potential in older office sites, notably Minneapolis.

Gut Issue: What happens next on development of a key downtown Minneapolis site, with access to the enclosed Skyway pedestrian mall? BRLYS ended a low-rent lease in 1987 and net leased the site for development to a Bell Canada Enterprises unit. BCE's efforts to attract IDS as major tenant for a complex ended in Mar. and BCE is soliciting alternate tenants. The BCE lease, which has added $1 mil. or 30¢ sh. to 1988 EPS and CFS, has been extended to Jan. 31, 1989 to give BCE more time to negotiate. Whatever happens, the site is a jewel even if non-earning.

Recent Activity: Meantime BRLYS continues expanding shopping centers. In Mar. BRLYS paid $8 mil. ($53/SF) for 151,000 sq.ft. Richfield Hub center near Minneapolis, giving BRLYS five centers with 948,000 SF. In the last two years it renovated 244,000 SF Sun Ray Center in St. Paul, MN, and 214,000 SF Grandview Plaza in Florissant, MO. BRLYS is spending $7.2 mil. to renovate 189,000 SF Hood Plaza, Derry, N.H., adding 26,000 SF and expanding the anchor.

Advice: BRLYS owns solid properties and debt is low. Limitations include small share capitalization and investor recognition. We estimate current value at about $14.50-$15/sh. **We'd hold long-term and buy on dips if BCE doesn't extend its lease.**

EPS/CFS/Dividends - A (Aug. yrs.):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
1984.	$0.34a	$.57	$.37	4'5-3'7	7.9-9.4
1985..	0.40a	.62	.36	9'5-4'6	3.7-7.6
1986..	0.36a	.65	.52	11'5-6'5	4.5-7.8
1987..	0.22a	.59	.68	16'0-9'3	4.3-7.2
1988E.	0.52	.80	.68	13'6-8'0	4.9-8.5z
5 Yr.Gr.	+8.8%	16.4%	*Hi-Lo in 8ths		

a-+Sale gain:'84-(.02); '85-.12; '86-0.02; '87-.21; '88-$1.11. z-To date.

Finances - A: Debt of $13 mil. (mostly mortgages) is 0.7 times $21.3 mil. total of cost book equity and accumulated depreciation, equal to $6.33/sh. Trustees own 10.6%. Address: 250 Boylston, Boston, MA 02116. (617) 421-0750.

BRE PROPERTIES INC.

$30.50 (BRE-NYSE) Div.$2.40 Yld.7.9%

7.86 mil. shs. **RANK A**

A major institutional combination equity and mortgage REIT, BRE became self-administered in Oct. 1987 after severing ties with initial sponsor BankAmerica Corp. This lets management focus 100% upon BRE's properties.

Gut Issue: Can the dividend rise from $2.40/sh. anytime soon, now that operating cash flow is expected to start covering the dividend in the July qtr.? BRE's rise in operating cash flow is welcome news, since BRE held the $2.40 payout flat for nearly three years while CFS lagged. Stronger leasing in two problem Wash. state properties and a Calif. shopping center are credited.

One immediate threat: A $15.5 mil. mortgage earning 13% matures Sept. 30; BRE also has $1.5 mil. in a leaseback on the underlying office/hotel complex in Pasadena, Cal. Best guess is the property will be sold at a good gain for BRE's leaseback, letting BRE hold EPS by investing more dollars at lower rates.

Recent Activity: BRE is expanding apartment holdings. BRE paid $52,800/unit for the 102-unit Citywalk Apts., Seattle in March, bringing apartments to 1,422 units (95% occupied) with $52.9 mil. cost, or 30% of directly owned properties. BRE also owns land beneath 2,983 apartments outside San Francisco.

Current Value: We expect current value of net assets to rise moderately from $34.75/sh. diluted as of July 1987.

Advice: This strong internally managed portfolio should perform well longer-term; **buy on any dips below $30.**

EPS/CFS/Dividends - A (July yrs.):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
1984.	$2.03a	2.29	2.29	28'0-22'6	8.6-7.0
1985..	2.17a	2.35	2.35	32'3-24'4	9.6-7.3
1986..	2.26a	2.22	2.40	33'7-24'2	9.9-7.1
1987..	1.89a	2.17	2.40	33'6-29'0	8.3-7.1
1988E.	1.82	2.20	2.40	z31'6-23'4	10 -7.6z
5 Yr.Gr.	-1.0%	+1.2%	*Hi-Lo in 8ths		

a-+Sale gain:'84-1.46; '85-0.12; '86-1.86; '87-.63. z-To date.

Finances - A: Debt of $74 mil. is 0.5 times shareholders' equity of $136.5 mil. or $17.35/sh. Debt is nearly all fixed-rate. Liquidity is good. Address: One Montgomery St., San Francisco, Cal. 94104. (415) 445-6505.

DOCK 7888 COUS 7888

#36 #36

CHICAGO DOCK & CANAL TRUST

$24.50 (DOCKS-OTC) Div.$0.30 Yld.1.2%
5.78 mil. sh. RANK B

DOCKS is the REIT industry's most fascinating asset play -- but cashing in will take time. DOCKS is making encouraging progress in developing a major urban complex on its major asset, 32 acres in center city Chicago.

Gut Issue: When will the development ship land? It's taken 20 years to get planning approval for a 12 mil. sq. ft. office/residential complex called CityFront Center on this sensitive urban site; probably another 20 are needed to develop. DOCKS' parcel lies on the north shore of the Chicago River opposite Illinois Center. To raise $30 mil. for land improvements and generate operating cash flow, DOCKS in 1985-86 sold some smaller parcels and paid $46 mil. for three offices with 337,000 sq.ft. and a 90,000 SF shopping center, all outside Chicago. DOCKS also owns 62% interest in the Equitable Bldg., a 35-story office on prestigious N. Michigan Ave., generating $4.2 mil. rentals.

Inside CityFront, the 750,000 SF North Pier Terminal was sold and leased to a local developer for speciality shops and professional loft space. **But two current deals remain subject to contingencies:** Tishman Realty & Const. holds an option to lease 2 acres for a planned 1,200-room convention hotel, subject to financing and expiring Sept.30. Habitat Co. has a ground lease to build 1,000 apartments on 2 acres and construction start isn't scheduled yet.

What is DOCKS worth? Our estimate: $35 to $40/sh. or $130-$150/sq.ft.

Advice: With only 1% yield, DOCKS is a **long-term buy on any price breaks, say to the $18-$22 range.**

<u>EPS/CFS/Dividends - B</u> (Apr. yrs.):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
1984.	$0.20a	$.18	$.30	NA- NA	NA- NA
1985..	0.17	.24	.30	23'4-17'5	1.7-1.3
1986..	0.24	.24	.30	24'4-18'0	1.7-1.2
1987..	0.52a	.68	.30	37'4-19'0	1.6-0.8
1988E.	0.32	.55	.30	34'4-17'4	1.7-0.9

5 Yr.Gr. +32% 0.0% *Hi-Lo in 8ths
a-+ Sale gains: '84-$3.38; '87-$1.33.

<u>Finances - B</u>: Debt of $27.7 mil. is 0.7 times equity of $39.3 mil. or $6.80/sh. <u>Address</u>: 401 N. Michigan, Chicago, Ill. 60611. (312) 467-1870.

COUSINS PROPERTIES INC.

$17.25 (COUS-OTC) Div.$0.60 Yld. 3.5%
17.35 mil. sh. RANK A

Long a premier Atlanta developer, COUS converted to REIT status in 1987. It is a play on potential in a major joint venture with IBM to develop a premier office park in northwest Atlanta. COUS contributes land and development/leasing while IBM puts up money.

Gut Issue: Can COUS keep momentum in Atlanta's saturated office market? At 240-acre Wildwood, the IBM-COUS venture is currently building a 600,000 SF office, now about 50% leased due to Atlanta's near-30% vacancy rate. About 102 acres are committed to the venture, since IBM elected in Mar. not to exercise options on the remaining 138 acres. And in downtown Atlanta COUS has taken a 9.8% interest (with no cash outlay) in a 1.1 mil. SF tower about 40% preleased. Our view: growth will slow but not halt.

Date to Watch: Dec. 1, 1988 when an option on a 100 acre regional shopping mall site expires. The land at a major intersection on Ga. Rt. 400 lies in Atlanta's growth path; the option calls for sale at $12.4 mil. Also later this year another COUS venture will begin a 320,000 SF office in Greensboro, N.C.

Cash flow and asset values: As a major land owner, quarterly or annual EPS can vary widely, depending on periodic land sales. Value of its major assets, suburban commercial land, can swing with local markets and hence we do not estimate current value.

Advice: With relatively low yield, **shares are long-term holds for patient investors and buys on any big dips.**

<u>EPS/CFS/Dividends - A</u> (Dec. yrs.):

Yr.	Op.EPS	Div.	Price*	Yld.Range
1984.	$0.00a	$.13	12'3- 6'7	1.9-1.1
1985..	0.37a	.17	11'3- 7'3	2.3-1.5
1986..	0.33a	.20	14'4- 8'6	2.3-1.4
1987..	0.63a	.47	17'2-10'4	4.5-2.7
1988E.	0.64	.60	17'2-11'4	5.2-3.5z

5 Yr.Gr. NM% +46% *Hi-Lo in 8ths
a-+Sale gain: '84-1.79; '85-.18; '86-1.39; '87-.02. z-To date.

<u>Finances - A</u>: Debt of $13 mil. is 0.1 times equity of $113.9 mil. or $6.56/sh. Joint ventures held $227 mil. assets at Dec. 1987 and are leveraged about 1-to-1. <u>Address</u>: 2500 Windy Ridge Pky., Atlanta, GA 30067. (404) 955-2200.

HOT 7888 HRE 7888

#36 #31

HOTEL INVESTORS

$15.38 (HOT-NYSE) Div. $2.00 Yld.13.0%
12.12 mil. shs. RANK B

The largest REIT active in lodgings, HOT amalgamates two smaller REITs merged in Sept. 1986. Since then HOT has been disposing of unproductive assets, acquired adviser to one predecessor, and entered the Las Vegas hotel/gaming market. HOT pairs the stock of both the REIT and an operating company which manages hotels.

Gut Issue: Can HOT hold the $2.00 dividend? Amid this portfolio restructuring, HOT has committed to hold a $2 dividend, "absent adverse developments". Operating cash flow likely will be $1.50-$1.60 in calendar 1988, HOT's new fiscal year, and perhaps $1.90-$1.95 in 1989. Capital gains will support payout. Overbuilt hotel markets, especially in commercial travel markets where HOT operates, restrain room rate and occupancy gains. The unknown is Las Vegas, where HOT acquired two hotel/casinos with 450 rooms for $37 mil. and committed $20 mil. to add 300 rms., to be completed mid-1989. Normalized results thus won't surface till late 1989.

Recent Activity: Portfolio sales continue to generate funds. HOT has agreed to sell three net-leased Vagabond Inns for $1 mil. (8¢ sh.) gain and its positions in Dallas and Omaha Marriotts. Proceeds and $60 mil. 4-yr. note placement in Mar. will fund improvements.

Advice: HOT has a very full expansion plate as it seeks to capitalize on the merger. The 27¢ sh. gross CFS in Mar. was disappointing and high yield reflects market skepticism and risk assessment. **Hold.**

EPS/CFS/Dividends - B (Dec. FY):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
8/85..	$1.31a	$1.55	1.72	20'2-16'5	10.4-8.5
8/86..	(1.37)a	1.00	2.00	23'6-18'3	10.9-8.4
8/87...	0.64a	1.32	2.00	25'2-19'8	10.1-7.9
b12/87.	0.05a	0.24	.50	20'3-11'4	17.4-9.8
12/88E.	0.52	1.50	2.00	17'5-14'2	14.0-11z
5 Yr.Gr.	NM%	NM%	*Hi-Lo in 8ths		

a-+ Sale gains:'85-.02; '86-3.23; '87-0.20; '87-.04. b-Four mon. z-To date.

Finances - B: Debt of $106.6 mil. at 3/88 was 0.6 times $187 mil. equity, equal to $15.42 per sh. Address: 21031 Ventura Blvd., Woodland Hills, CA 91364. (818) 883-9500.

HRE PROPERTIES

$23.25 (HRE-NYSE) Div.$1.80 Yld.7.7%
5.98 mil. sh. RANK A

A diversified, conservatively managed REIT, HRE hopes to recover from a disappointing 1987. HRE's focus on quality properties and strong financial footing provide a buffer against any further declines in occupancy and EPS.

Gut Issue: Can HRE turn results around in the second half and hold payout? After cutting payout 21% in Feb. 1987 to a "sustainable" $1.80 rate, HRE's 93¢ sh. cash flow fell 10% in the first half (thru April) of fiscal 1988, barely covering the lower 90¢ payout.

Offices remain a problem. Office occupancy (44% of assets) fell 3% to 87% overall. HRE expects to boost this to 92% by Oct. 1988 year end. **Shopping centers are holding up** even as two centers are renovated. Retail occupancy (41% of assets) is holding in the high 90%s, even tho rents are flattish because centers in Clearwater, Fla. and Springfield, Mass. are being renovated. Lease and interest income fell 9¢ in the first half, offset by 7¢ litigation settlement. Renovations boosted property operating costs by 14%.

Recent Activity: HRE is buying out one center partner to boost results. HRE will pay $1.5 mil. to buy its partner and settle a lawsuit over management of 225,000 sq.ft. Countryside Village Center in Clearwater; longer-term results should be positive.

Advice: HRE's properties appear to be turning and retail renovations are improving cash flow and value. **We doubt payout will slip; buy/hold for income.**

EPS/CFS/Dividends - A (Oct. yrs.):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
1984.	$1.90a	2.25	2.20	24'3-20'4	10.7-9.0
1985..	1.99a	2.51	2.26	27'3-23'1	9.8-8.3
1986..	1.79a	2.34	2.28	27'4-23'1	9.9-8.3
1987..	1.35a	1.85	1.92	27'6-17'2	11.1-6.9
1988E.	1.20a	1.90	1.80	24'2-18'1	9.9-7.4z
5 Yr.Gr.	-4.1%	-4.9%	*Hi-Lo in 8ths		

a-+Sale gain:'84-.29; '85-.02; '86-0.15; '87-.17; '88-.05. z-To date.

Finances - A: Debt of $14 mil. at 4/88 is a low 0.1 times $135.7 mil. equity, or $22.69/sh. New York investor Charles Urstadt owns 9.6% of shares.

Address: 530 Fifth Ave., New York, N.Y. 10036. (212) 642-4800.

MGI 7888 MSA 7888

\#36

MGI PROPERTIES

$19.25 (MGI-NYSE) Div.$1.60 Yld.8.3%
7.72 mil. shs. RANK A

Once a mortgage trust, MGI is now 85% in equities. MGI is a niche player, moving into mid-sized cities and property types where it sees opportunity to add value. One strategy has been to buy properties deemed to be too small by major institutions. It has agreed to acquire Turner Equity Investors (TEQ).

Gut Issue: How soon before today's $1.60 payout is boosted? MGI has held payout level at $1.60 rate for nearly three years, during which time many mortgages have been collected and new properties assimilated. Market conditions have not been bullish during this transition but now operating gross cash flow before mortgage payments is covering payout. Gross CFS rose 10% in the May qtr., giving hope that an increase may not be far off. Property mix is 45% residential (95% occupied); 34% industrial (98% occupied); 12% retail.

Recent Activity: The planned Turner Equity acquisition may aid CFS. MGI will exchange 1.0 MGI share for each 2.8 TEQ shares, or about 1.7 mil. new MGI shares. One play is economies of scale: TEQ's properties matchup very well with MGI in location and property type. TEQ has been paying 44¢ annual rate, and if two-thirds of TEQ's administrative costs can be saved, TEQ's cash flow would more than cover MGI's payout on the new shares. We see this as a major MGI plus.

Advice: Conservatively managed MGI appears in a breakout mode to us. We'd be a patient long-term buyer/holder. **Accessing thru TEQ shs. at 6-1/2 gives a 7% discount and pro forma 8.8% yield.**

EPS/CFS/Dividends - A (Nov. yrs.):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
1984.	$1.55a	1.30	1.40	17'5-12'7	10.9-7.9
1985..	1.49a	1.57	1.54	19'5-16'3	9.4-7.9
1986..	1.52a	1.43	1.60	23'3-16'7	9.5-6.8
1987..	1.33a	1.45	1.60	23'4-14'2	11.2-6.8
1988E.	1.30	1.55	1.60	21'0-15'6	z10.2-7.6
5 Yr.Gr.	+4.5%	+3.4%	*Hi-Lo in 8ths		

a--Sale gain: '84-1.26; '85-.13; '86-0.12; '87-.48. z-To date.

Finances - A: Debt of $25.1 mil. is 0.2 times $124 mil. equity, equal to $16.06/sh. Accumulated depreciation adds $1.34/sh. Address: 30 Rowes Wharf, Boston, Mass. 02110. (617) 330-5335.

\#36

MSA REALTY CORP.

$8.75 (SSS-ASE) Div. $1.00 Yld. 11.4%
8.58 mil. sh. RANK C

Organized in Mar. 1984, SSS is the public shopping center vehicle of Mel Simon Assoc., second largest U.S. shopping center owner/operator. SSS strategy is to provide 100% financing to Midwestern Simon centers, then refinance when centers lease up and end with 50% ownership for nominal cash.

Gut Issue: Is the market signaling a dividend cut? Even tho SSS pays $1/sh. dividend, investors aren't enthusiastic at $9, seemingly seeing a dividend cut. Some possible reasons:

--Operating cash flow hasn't yet covered payout (see table below). The shortfall was 23¢ in 1987 and won't be positive in 1988, altho narrowing.

--Complex accounting obscures results. When SSS finances a center, it books a "construction period return". When a center is finished, it gets an equity in partnership income. None of this is typical real estate accounting and hides dynamics of SSS center results (they're doing well).

SSS has created about $2.50/sh. new value. SSS hired appraisers to value its 13 centers with 3.96 mil. gross sq.ft. "as is, as leased" (i.e., stripped of rosy projections). Appraisers reported SSS had created about $30 mil. new value, or $2.50/diluted share. That works out to $11.41/sh. current value.

Advice: SSS still must burn thru 3.5 mil. warrants to buy shares at $9; they expire April 1, 1989, and exercise could reduce debt by $20 mil. since bonds can be used to exercise. This puts a short fuse on overhanging dilution. **Shares are a longer-term buy.**

EPS/CFS/Dividends - A (Dec. yrs.):

Yr.	Op.EPS	CFS	Div.	Price*	Yld.Range
1984.	$0.20	1.16	$.48	10'2-7'3	6.5-4.7
1985.	(0.35)	.80	.84	9'7-7'7	10.7-8.5
1986..	0.67a	2.09a	.95	11'6-8'2	11.5-8.1
1987..	0.61	.77	1.00	11'0-7'2	13.8-9.1
1988E.	0.50	.80	1.00	10'0-8'1	12.3-10z
5 Yr.Gr.	NM%	NM%	*Hi-Lo in 8ths		

a--Sale gain: '86-0.04 sales & 0.84 gain on Treasury securities. z-To date.

Finances - C: Debt of $49.3 mil. is 0.7 times $70.7 mil. equity, or $8.29/sh. Address: 115 W. Washington, Indianapolis, IN 46204. (317) 263-7030.

NPR7888 #36 PEI7888 #36

NEW PLAN REALTY TRUST

$14.75 (NPR-NYSE) Div. $0.92 Yld. 6.2%
26.8 mil. shares. RANK A

NPR buys older shopping centers in the Mid-Atlantic, Ohio Valley and Southeast and upgrades rents and returns via aggressive expansion, renovation, releasing and promotion.

Gut Issue: What will NPR do with the cash horde its been sitting on for two years? NPR has $95.8 mil. cash and marketable securities (equal to $3.58/sh.) that is among the largest for REITs. Can NPR maintain better than a 10% annual growth rate in the future? Management believes so, because NPR would reinvest above money market rates. But as is, investors are buying a money market fund with appreciation potential. 9 mo. 4/88 results: net operating CFS rose 36% to 66¢ on more shares out. Payout is about 100% of operating CFS.

Recent Activity: NPR acquired two shopping centers in June, giving it 37 centers with 4.7 mil. sq. ft.: Belpre (OH) Plaza, (88,500 SF, 97% leased) and Grand Central Plaza, Parkersburg, WV (71,000 SF, 100% leased). NPR's Apr. 30 assets of $185.9 were 44% net property; 52% cash and marketable securities; 4% other. Roosevelt Mall in Philadelphia with 597,00 SF accounts for 25% of rents. Centers are 96% leased and artments are about 94% occupied.

Advice: Low acquisition costs provide a rental cushion in down cycles and shares also provide a hedge against inflation. Liquidity and opportunistic buying insulates NPR from competition. Having a good portion of funds in low-yielding non-real estate investments has penalized NPR's results. **Buy long-term.**

OpEPS/OpCFS/Div. - A (July yrs.):

Year	EPS	CFS	Div.	Price*	Yld.Range
1984A.	$.62	$.65	$.57	13'6-10'7	4.1- 5.2
1985A.	.70	.73	.65	17'7-13'6	3.6- 4.7
1986A.	.78	.81	.73	15'2-11'0	4.8- 6.6
1987A.	.80a	.87a	.81	18'3-10'6	4.4- 7.5
1988E.	.82	.90	.89	18'1-10'6	z4.9- 8.3
5Yr.Gr.		+8.5%	+11.8%	*Hi-Lo in 8ths.	

a-Incl. 6¢/sh. acct.chrg. z-To date.

Finances - A: Apr. 30 debt of $23.4 mil. is a low 0.15 times $159.8 mil. equity at historic cost.

Address: 1120 Ave. of the Americas New York, NY 10036. (212) 869-3000.

PENNSYLVANIA REIT

$22.25 (PEI-ASE) Div. $1.60 Yld. 7.2%
8.17 mil. shares. RANK A

PEI is building its portfolio via joint ventures and has begun venturing beyond its Pennsylvania base.

Gut Issue: Can PEI find good shopping centers as it moves farther from home base? PEI has maintained CFS and dividend momentum, but growth slows as PEI invests $29 mil. left from its 1985 convertible offer. Local property competition has forced PEI to look outside its base market of expertise. PEI has committed $11.5 mil. to 50% interests in five new shopping centers to add 350,000 net sq. ft. or 14% to retail space. Three centers are far afield, in Chicago, Jacksonville (2), and two close home (Del. and Bucks Co., Pa.).

So far results are strong. Operating EPS for the half-year to 2/88 rose 17% and operating CFS jumped 23%. We cite comparisons because EPS reported in media included a 19¢ capital gain in 1987, giving impression EPS were off.

Recent Activity: PEI's thrust continues in shopping centers despite a small writeoff. PEI's interest in 44 properties with $138.3 mil. cost is: 37% ($48 mil.) in 14 wholly owned properties; and 63% ($90.3 mil.) in 30 joint ventures (generally 50%). Property mix is 57% of cost in 20 operating shopping centers (96% occ.); and 26% in 9 apartments with 2,372 net DU (96% occ.). PEI wrote off a troubled New Orleans property for 4¢ loss in the Feb. qtr.

Advice: Current joint ventures may boost yields 2-2.5% and add about 4¢ to CFS in fiscal 1989. **Buy/hold shares.**

OpEPS/OpCFS/Div. - A (Aug. yrs.):

Year	EPS	CFS	Div.	Price*	Yld.Range
1984..	1.01	$1.27	$0.87	21'0-17'3	4.1-5.0
1985..	1.31a	1.56a	1.13	26'6-16'1	4.2-5.5
1986..	1.21a	1.42a	1.37	23'6-16'1	5.8-8.4
1987..	1.21a	1.34a	1.49	26'4-17'0	5.6-8.8
1988E.	1.24a	1.45a	1.60	23'7-17'0	z6.2-9.4
5Yr.Gr.		+3.4%	+16.5%	*Hi-Lo in 8ths.	

a-Plus sale gains: '85-.13; '86-.20; '87-0.21; '88-0.01. z-To date.

Finances - A: Debt of $10.8 mil. is 0.18 times $58.4 mil. equity. Add $3.00 /sh. deprec. on owned properties for $10.15 cost basis equity. Address: Cedarbrook Hill Apts., III, Mezz. 26, Wyncote, PA 19095. (215) 927-1700.

PTRA 7888 PRT 512 + EUD 7888 #36

PROPERTY TRUST OF AMERICA

$9.25 (PTRAS-OTC) Div. $0.80 Yld. 8.6%
5.1 mil. shares. RANK A

PTRAS, with a diversified portfolio of Southwest and Mountain income properties, cut payout 33% in early 1987 but investors are staying for a turnaround.

Gut Issue: When will PTRAS get back to $1.20 dividend? No dividend increase is expected until cash flow reaches mid-90¢ sh. range. We think that date falls two-three years hence. Mar. qtr. operating CFS rose 5% to $0.23/ sh. on a 7% revenue gain; we see about 95¢ for 1988 (see table below) and could reach $1 in 1989. Thus a payout hike may be fairly near, even if not $1.20.

Recent Activity: PTRAS continues shoring up Oil-Patch properties while entering new markets. PTRAS's 67,500 SF San Antonio office, Crown Tower (74% occupied) is slowly recovering after a large tenant left. PTRAS' office building near Fort Worth (40% interest) is 80% occupied. In May, 1987 PTRAS acquired the single tenant (GTE) 127,600 SF Calif Commerce Center in Ontario, Calif. for $5.2 mil. cash or $40.47/SF.

Shopping centers are strong. About 33% of '87 net operating cash flow came from retailing properties including 10 shopping centers with 685,000 SF of space (92% occ.), divided 69% Denver/Colorado Springs and 31% El Paso. PTRAS is renovating and expanding one Denver center. Hotel and office holdings each generate about 13% of cash flow. Cash flow at Holiday Inn on Fisherman's Wharf, San Francisco (50% partner) has recovered strongly, helped by Japanese tourism.

Advice: PTRAS' liquidity and conservative financing position it ideally for an eventual Southwestern real estate turnaround. **Buy for longer recovery.**

OpEPS/OpCFS/Div. - A (Dec. yrs.):

Year	EPS	CFS	Div.	Price*	Yld.Range
1984A.	$.90	$1.02	$1.2	14'4-11'6	8.3-10.2
1985A.	.80	1.03	1.2	15'5-10'6	7.8-11.2
1986A.	.63	0.93	1.2	12'7- 9'0	9.3-13.3
1987A.	.55	0.86	0.8	11'3- 7'0	7.0-11.4
1988E.	.60	0.90	0.8	9'5- 7'4	z8.3-10.7
5Yr.Gr.		-3.1%	-9.6%	*Hi-Lo in 8ths.	

Finances - A: Debt of $14.6 mil. is 0.3 times $44 mil. equity or $10.45/sh. Address: 4487 N. Mesa, El Paso TX 79948.(915) 532-3901. z-To date.

PRUDENTIAL REALTY TRUST

$6.25 (PRT-NYSE) Div. $0.67 Yld. 10.7%
11.1 mil. Inc. shares. RANK B

PRT, a finite-life REIT, trades capital shs. (getting all appreciation) and income shs. (all cash payout).

Gut Issue: What is PRT's leasing thrust in Parsippany N.J.?, a saturated market where PRT owns two offices with 293,000 sq.ft. PRT is currently negotiating with AT&T on the renewal of its lease in one building, Maple Plaza I, which expires 12/88. PRT expects to release space at market rents of $12.50-15.50/SF, down from AT&T's renewal option at $17/SF for 1989 thru 1993. At the second building, Maple Plaza II Nabisco announced it was moving a division but remains under obligation until 5/92. **While leaving some space maintains cash flow, impact on the property after 1992 is much less clear.**

Recent Activity: PRT reports good leasing at its other two properties, which are nearly full. At Huntington Business Campus, Melville, N.Y., two multi-tenanted single-story buildings with 152,800 SF are 100% leased but 52% of space comes up for renewal this year. One lease for 15.6% of this space has been authorized with a Prudential unit.

At Park 100, Indianapolis complex of 19 one-story industrial buildings with 1,358,600 SF, occupancy is 99% but about 14% expires this year. In the Mar. qtr. 3.8% was renewed at 5%-10% hikes and new leases for 3.7% signed.

Advice: Two stock classes may impede investor interest and the only similar trust, Duke Realty, is combining classes. **We stay on the side.**

Earnings/Dividends - A (Dec. yrs.):

Year	EPS	CFS	Div.	Price*	Yld.Range
1985A.	$.15a	$.26a	$.079	8'1-7'4	1.0- 1.1
1986A.	.37	.66	.682	8'3-7'0	8.1- 9.7
1987A.	.36	.65	.628	7'7-5'0	8.0-12.6
1988E.	.40	.70	.65	7'0-6'1	z9.2-10.6
3Yr.Gr.		+3.0%	-2.4%	*Hi-Lo in 8ths.	

Data for Income shs. a-From 8/85.

Finances --A: PRT has no mortgage debt but has $10 mil. revolving credit, with $118,000 drawn as of 3/88. Current value: PRT puts 1987 year-end property values at $112.6 mil. or $2.11 per capital share. At 1-1/4 they are 41% discount to value. Address: Prudential Plaza, Newark, NJ 07101. (201) 877-4302.

SIZELER PROPERTY INVESTORS INC.
$17.75 (SIZ-NYSE) Div. $1.56 Yld. 8.8%
3.75 mil. shares. RANK B

SIZ, a La. and Southeastern shopping center REIT, came public 1/87 selling 3.37 mil. shs. at $20 and invested the $67.4 mil. proceeds in seven La. properties acquired from its sponsor.

Gut Issue: When will the Louisiana economy turn? We suspect that it will take another three or five years. In the year 1987 SIZ's earnings and cash flow targeted projections of its offering prospectus. Mar. qtr. CFS was flat, but we see a modest increase for 1988. Like Houston, La.'s petrochemical industry may be helped by a weaker dollar.

Recent Activity: SIZ has been adding to its shopping center holdings. SIZ's portfolio currently has nine centers (one with 48 apartment units) with 1.64 mil. sq.ft. carried at $72.4 mil. Mix is three enclosed malls with 1.8 mil. sq. ft. (Southland Mall in Houma, La.; Hammond (La.) Sq.; and Springdale, Mobile, Ala.). SIZ also owns five community centers with 485,000 sq. ft. at $23.63/SF cost. To reduce Oil Patch exposure, SIZ in 7/87 acquired, via purchase-leaseback, Holmes Department Store in Pensacola, Fla. for $8.2 mil. or $58.29/SF. Another acquistion is possible soon. SIZ's center's are 95% leased overall.

Advice: SIZ has a record of strong management and leasing, and ownership on an unleveraged basis reduces risk. With 91% of properties in La., SIZ clearly is a play upon recovery of this oil-depressed economy. **Until turn-around SIZ is a good shopping center play and we recommend accumulation at current price.**

Earnings/Dividends - B (Dec. yrs.):

Year	EPS	CFS	Div.	Price*	Yld.Range
1987A	$1.15	$1.56	$1.04	22'0-15'5	4.7-6.7
1988E.	NE	1.58	1.56	19'3-16'7	z8.1-9.3
2Yr.Gr.		NM	NM	*Hi-Lo in 8ths.	

1987 for 11 mo. from 2/87. z-To date.

Financial Measures - A: Debt of $8.5 mil. is a low 0.12 times shareholders equity of $68.9 mil. or $18.38/sh. Debt is bank and is taken against $35 mil. in unsecured credit lines available to SIZ. SIZ is investigating raising new fixed-rate debt capital. Address: 2542 Williams Blvd., Kenner, La. 70062. (504) 466-5363.

TRAMMELL CROW REAL ESTATE INVESTORS
$8.88 (TCR-NYSE) Div.E$1.20 Yld.E13.5%
9.08 mil. shares. RANK C

TCR is a finite-life REIT that acquired 18 industrial and one retail property from its developer sponsor.

Gut Issues: How deep will dividends be cut later this month? And when will Houston turn around? Both questions are crucial in determining what equity remains when TCR's $179.7 mil. face Zero Coupon Notes come due in 1997. TCR can't continue the current $1.40/sh. dividend. **We estimate payout will probably fall to $1.20 at the July 28 meeting,** which management hopes can be sustained thru 1990.

In Houston, the next 18 mos. are critical as TCR must find tenants to cover sellers' lease suport expiring June 1989. About 23% of TCR's 3.35 mil. sq.ft. industrial space is in Houston, another 21% in Dallas. Appraised value of Houston and Dallas space fell 19% and 5% respectively in 1987. Management says a lower dollar is boosting Houston port imports.

What are TCR shares worth? Based on residual value after Zero's, we compute present value (rounded in 8ths) for three return requirements and varying property appreciations, using $1.20 payout for TCR's remaining nine-years:

Appr. Rate	Resid. Value/Sh.	--Investor's Return-- 15%	12%	10%
4%	$10	8-5/8	10	11-1/8
2	5	7-1/8	8-1/4	9
1	3	6-5/8	7-1/2	8-1/8
0	0	5-3/4	6-3/8	6-7/8

Advice: Under our assumptions, buyers at 8-7/8 get a 15% return if properties appreciate at 4% and 10% at 2% appreciation. **We'd not buy until the July 28 dividend declaration.**

OpEPS/OpCFS/Div. - C (Dec. yrs.):

Year	EPS	CFS	Div.	Price*	Yld.Range
1985A.	$.02	$.14	$-0-	15'1-12'6	-0-
1986A.	.16	1.40	1.40	15'3-12'4	9.1-11.2
1987A.	.04	1.40	1.40	15'1- 7'2	9.3-19.3
1988E.	NE	1.25	1.20	11'1- 8'2	z12.6-17.0
3Yr.Gr.		-5.5%	-7.4%	*Hi-Lo in 8ths.	

1985 is only for mo. of Dec. z-To date

Finances - C: Debt, net of unamortized discount on Zeros, of $76.5 mil. is 0.74 times equity of $104 mil. Year-end appraised value of $187.3 mil., indicates $13.11/sh. current value. Address: 3500 LTV Cntr, 2001 Ross Ave., Dallas, TX 75201. (214) 979-5100.